



DEFENSE CONTRACT AUDIT AGENCY
DEPARTMENT OF DEFENSE
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FORT BELVOIR, VA 22060-6219

IN REPLY REFER TO

PAS 730.3.A.A.102

December 11, 2002
02-PAS-090(R)

MEMORANDUM FOR REGIONAL DIRECTORS, DCAA
DIRECTOR, FIELD DETACHMENT, DCAA

SUBJECT: Survey of Contractor's Organization, Accounting System and System of Internal Controls (ICQ) for Contractors with Current Calendar Fiscal Year (CCFY) Dollars Between \$10 Million and \$80 Million

Effective immediately, our request for field test of the subject ICQ, MRD 02-PAS-080 (R), dated November 4, 2002, is cancelled and auditors are instructed to use the enclosed ICQ, as soon as practical, in accordance with the enclosed instructions. The decision to expedite the implementation of the enclosed ICQ was based on the positive input received from the regions.

Background

Based on recommendations from the field, we reviewed the SHORTICQ form for currency and effectiveness, and as a result of this review, we made significant changes to the form. During the review, we considered the SHORTICQ's compliance with Government Auditing Standards (Yellow Book) and with applicable AICPA Statements on Auditing Standards (SAS). We also considered revisions to the SHORTICQ proposed by the Fairfax Branch Office as well as suggestions received from auditors through the DCAA Suggestion Program.

The following changes have been made to the SHORTICQ:

1. Changed reference to the questionnaire from "SHORTICQ" to "ICQ."
2. Improved the format of the ICQ to allow the auditor to more easily complete the questionnaire electronically.
3. Included a new section describing the form's applicability, regulatory requirements, and instructions for completion.
4. Included in Part A:
 - Information regarding Cost Accounting Standards coverage and disclosure statements.
 - Information related to contracts performed at off-site locations to assist in planning floorchecks.
 - Information on contracts awarded during the previous fiscal year to assist in planning post award audits.

SUBJECT: Survey of Contractor's Organization, Accounting System and System of Internal Controls (ICQ) for Contractors with CCFY Dollars Between \$10 Million and \$80 Million

5. Revised the form to incorporate the five components of internal control. AU 319.25, *Obtaining an Understanding of Internal Control*, requires that "in all audits, the auditor should obtain an understanding of each of the five components of internal control sufficient to plan the audit." The questions under each component have been tailored to comply with the auditing standards using the DCAA Internal Control Matrices (ICM) as a basis for control activities considered relevant to nonmajor contractors.
6. Incorporated an abridged version of the FAR Cost Principle Assessment which is tailored to nonmajor contractors.

The enclosed ICQ has been created as a form in Microsoft Word. The form has been protected to prevent unauthorized changes and to allow proper completion of the form.

Closing Remarks

FAOs should direct any questions or concerns to their regional office. Regional offices may address their questions to Ms. Maria A. Davey, Program Manager, Auditing Standards Division (PAS) at 703-767-3274 or e-mail address, dcaa-pas@dcaa.mil.

/Signed/
Robert DiMucci
Assistant Director
Policy and Plans

Enclosure: a/s

DISTRIBUTION: C

**Survey of Contractor's Organization,
Accounting System and System of Internal Controls (ICQ)
Contractors with CCFY Dollars Between \$10 Million and \$80 Million**

PURPOSE. This questionnaire provides the basis for documenting the auditor's understanding of the entity's internal control components and is used to plan the audit. Five components of internal control are applicable to the audit of every entity: Control Environment; Contractor's Risk Assessment; Information and Communications; Monitoring; and Accounting System Control Objectives and Activities.

APPLICABILITY. This questionnaire is designed to assist the auditor in obtaining an understanding of internal controls and assessing control risk at non-major contractors with ADV between \$10 million and \$80 million. For contractors with ADV less than \$10 million, the ICQ or alternative procedures may be used, provided they adequately document the required understanding of the internal controls (CAM 5-111.1.a).

PROFESSIONAL REQUIREMENTS. GAGAS Chapter 4 requires the auditor to follow the field work standard on Internal Control which states "A sufficient understanding of the internal control structure is to be obtained to plan the audit and to determine the nature, timing, and extent of tests to be performed." It also requires that the auditor, as a minimum, follow the AICPA standard *Consideration of the Internal Control Structure in a Financial Statement Audit* (SAS 55, as amended by SAS 78 included in the AICPA *Professional Standards*, vol. 1, AU sec. 319). GAGAS Chapter 4 also incorporates SAS No. 82, *Consideration of Fraud in a Financial Statement Audit*, which requires the auditor to assess the risk that the contractor's submissions are materially misstated due to fraud.

COMPLETION REQUIREMENTS. The ICQ should be completed/updated as part of the auditor's periodic visits to non-major contractors with ADV between \$10 million and \$80 million since the Mandatory Annual Audit Requirements (MAARs) 1 and 3 applicability and materiality requirements in CAM 6-105.2b are presumed. A new ICQ should be completed every year if a field visit is required as part of a current audit.

INSTRUCTIONS FOR COMPLETION OF THE ICQ

The ICQ is composed of Parts A through D. Part A, Basic Organization, allows the auditor to obtain a general understanding of the contractor's structure, size, and complexity. Parts B through D incorporate the five components of internal control that are applicable to the audit of every entity: Control Environment; Contractor's Risk Assessment; Information and Communications; Monitoring; and Accounting System Control Objectives and Activities. The ICQ questions or control activities were selectively obtained from the DIIS Internal Control Matrices (ICMs) to assist us in documenting the internal controls at non-major contractors.

PROCEDURES FOR OBTAINING UNDERSTANDING. In obtaining an understanding of controls that are relevant to audit planning, the auditor should perform procedures to obtain sufficient knowledge about the design of the relevant controls pertaining to each of the five internal control components and determine whether they have been placed in operation. This knowledge is ordinarily obtained through previous experience with the contractor and through procedures such as inquiries of appropriate management, supervisory, and staff personnel; inspection of the contractor's documents and records; and observation of contractor activities and operations. The form and extent of this documentation is influenced by the size and complexity

of the contractor, the auditor's previous experience with the contractor, the nature of the particular controls, and the nature of the contractor's documentation of specific controls (AU 319.58).

RELATIONSHIP BETWEEN THE ICQ AND THE CONTROL RISK ASSESSMENT.

The purpose of the ICQ is to document the auditor's understanding of the contractor's system of internal controls to plan the audit. Frequently, at nonmajor contractors, the auditor assesses control risk at the maximum (high) because it is more efficient to perform substantive tests for significant and sensitive accounts than to test the effectiveness of the contractor's internal controls (CAM 5-111.2d.). If the auditor decides that it is more efficient to test the controls, the ICAPS internal control program for the specific system (e.g., accounting, estimating, billing, etc.) must be used. In this case, the auditor should also use the ICAPS form(s) to summarize the results of the ICAPS internal control audit(s) performed and the ICQ to document the understanding of the internal controls system(s) not tested.

APPENDIX- FAR COST PRINCIPLES ASSESSMENT. The completion of the FAR Cost Principles Assessment is required by Part B, Step 2.c. of the ICQ, as part of the documentation of understanding of internal controls for incurred cost audits. Completion of the assessment is optional for all other assignments.

DEFENSE CONTRACT AUDIT AGENCY OFFICE

Survey of Contractor's Organization,
Accounting System and System of Internal Controls
Contractor's with CCFY Dollars Between \$10 Million and \$80 Million

PART A – BASIC ORGANIZATION					
(Prepare a Part A for each Division)					
			Date Prepared:		
			Auditor:		
1. Contractor's Name					
2. Division name, if applicable					
3. Address					
4. Telephone No.				5. FAX No.	
6. Point of Contact (Accounting)					
7. Position Description				8. E-mail address	
9. Point of Contact (Contracts/Proposals)					
10. Position Description				11. E-mail address	
12. Type of Organization:					
a. Corporation					
<input type="checkbox"/> Closely Held		<input type="checkbox"/> Family, or		<input type="checkbox"/> Publicly Held	
State of Incorporation				Date	
Listed on Stock Exchange					
Stock Issued:					
Total Shares of Stock Issued					
Major Stockholders and Number of Shares					
Shares of Stock Held by Officers of the Corporation					
b. <input type="checkbox"/> Partnership					
(1) Partners' Names					
(2) Basis for Distribution of Profits and the Amount of Profit					
(3) Sharing for Each Partner					

PART A – BASIC ORGANIZATION (Prepare a Part A for each Division)							
c. <input type="checkbox"/> Division of							
d. <input type="checkbox"/> Recent Business Combinations, e.g., Mergers, Acquisition, Divestiture							
e. <input type="checkbox"/> Other							
13. Is any portion of this division's records maintained at other locations?							
a. Identify locations(s)							
b. Identify cognizant audit office(s). Include corporate HQ)							
14. Contractor's fiscal year under review				Fiscal Year End			
15. Major Product or Services							
<input type="checkbox"/> Manufacturing		<input type="checkbox"/> Service		<input type="checkbox"/> Construction		<input type="checkbox"/> Other	
16. Brief Description of Products Manufactured or Service							
17. Breakdown of Sales - % or \$ (Most Recent Complete FY)							
Total Sales	<u>Dollars (in000)</u>		<u>Percent</u>	<u>Federal Govt. Sales</u>	<u>Dollars (in000)</u>		<u>Percent</u>
DoD-Domestic				CPFF / CPAF			
DoD-FMS				T&M / Labor Hour			
NASA				FFP			
Other Govt.				FPIF / FPAF			
Commercial				Other			
Totals	=====		=====	Totals	=====		=====
18. Outside Auditors:							
a. Name of Auditors							
b. Service(s) Provided							
19. Internal Auditors:							
a. Functionally Independent?				<input type="checkbox"/> Yes		<input type="checkbox"/> No	
b. Recent audits performed by internal auditors:							
c. Are internal audits available for DCAA review?				<input type="checkbox"/> Yes		<input type="checkbox"/> No	

PART B - CONTROL ENVIRONMENT AND OVERALL ACCOUNTING SYSTEM				
	Yes	No	NA	W/P Ref.
f. Allocation of indirect costs to final cost objectives.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
g. Approval and documentation of journal entries.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
h. Establishment of account numbers.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
i. Approvals for establishing contract charge numbers.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
j. Allocation of income, rebates, refunds, allowances or other miscellaneous credits.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
3. Are the contractor's cost accounting records reconciled to and controlled by the general accounting system on a current basis, i.e., postings are made at least monthly?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
4. Does the contractor's system identify costs by contract (e.g., job cost ledger)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

PART C - CONTRACTOR'S RISK ASSESSMENT, INFORMATION AND COMMUNICATIONS, AND MONITORING				
	Yes	No	NA	W/P Ref.
CONTRACTOR'S RISK ASSESSMENT				
1. Does the contractor have a risk assessment process for identification, analysis, and management of risks relevant to the preparation of submissions to the government in accordance with Federal government regulations?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
2. Has any current or previous assignment identified the contractor's failure to properly assess the risk of having noncompliant submissions?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
INFORMATION AND COMMUNICATIONS				
1. Does the contractor have written policies and procedures for the IT system that include appropriate manual and computerized control procedures to:				
<ul style="list-style-type: none"> initiate, record, process, and report the contractor's transactions and journal entries (as well as events and conditions) from their occurrence to their inclusion in the accounting records; 	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<ul style="list-style-type: none"> enter transaction totals into the general ledger; 	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<ul style="list-style-type: none"> record recurring and nonrecurring adjustments or reclassifications if they are not recorded through formal journal entries? 	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
2. Do the contractor's policies and procedures address the individual roles and responsibilities pertaining to internal controls over accounting information?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

PART C - CONTRACTOR'S RISK ASSESSMENT, INFORMATION AND COMMUNICATIONS, AND MONITORING				
	Yes	No	NA	W/P Ref.
3. Does the contractor disseminate its policies and procedures to its employees?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
4. Has any current or previous assignments identified the contractor's failure to properly implement any of these internal control procedures?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
MONITORING				
1. Does the contractor have ongoing monitoring procedures and/or separate internal control reviews/audits to ensure that internal controls are operating as intended and that they are modified as appropriate for changes in conditions?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
2. Has any current or previous assignment identified the contractor's failure to monitor the effectiveness of internal control procedures?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

PART D. ACCOUNTING SYSTEM CONTROL OBJECTIVES AND ACTIVITIES				
LABOR SYSTEM				W/P Ref.
1. Does the contractor have a training program to reasonably assure that all employees are aware of the importance of proper time charging?	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> NA	
2. Do the contractor's written policies and procedures provide labor documentation/work descriptions that identify the work to be performed, and are labor charges tracked to a final cost objective, whether allowable or unallowable/direct or indirect?	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> NA	
3. Does the contractor maintain written timekeeping policies and procedures to reasonably assure that labor hours are accurately recorded and corrections are documented, including authorizations and approvals?	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> NA	
MATERIALS/PURCHASING SYSTEMS				W/P Ref.
Does the contractor maintain written policies and procedures to describe the major manual and automated systems that comprise the material management and accounting system?	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> NA	
ESTIMATING				W/P Ref.

PART D. ACCOUNTING SYSTEM CONTROL OBJECTIVES AND ACTIVITIES				
Does the contractor have written estimating policies and procedures to address employee training, assignment of authority and responsibilities, cost estimate development, and the estimating system process, activities, and functions?	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> NA	
BILLING SYSTEM				W/P Ref.
Does the contractor have and disseminate written billing policies and procedures which address employee training, contract briefing to identify special billing provisions and limitations, and management review of billings?	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> NA	
PLANNING/BUDGETING				W/P Ref.
Does the contractor have written policies and procedures for the planning and budgeting system, which include the formal assignment of duties and responsibilities and a description of the system?	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> NA	
COMPENSATION				W/P Ref.
Do written policies and procedures for compensation exist to include:				
• a salary structure and administration;	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> NA	
• a description of fringe benefits provided to employees; and	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> NA	
• a system for determining pay increases, bonuses, and promotions?	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> NA	
OVERALL ACCOUNTING SYSTEM CONTROL OBJECTIVES AND ACTIVITIES				W/P Ref.
Has any current or previous assignment identified the contractor's failure to properly implement any of its internal written control procedures in Part D above?	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> NA	

DEFENSE CONTRACT AUDIT AGENCY OFFICE

FAR COST PRINCIPLE ASSESSMENT

Directions: This FAR Part 31 cost principle assessment should be completed based on your knowledge of the contractor's practices and procedures (i) as documented in previous working paper files, (ii) as a result of inquiry of appropriate contractor management, supervisory, and staff personnel; or (iii) as a result of observing contractor operations.

The questions are designed so that a YES answer will generally require follow up during the next incurred cost or proposal audit. The questions relate to sensitive cost issues and do not replace the requirement that the auditor have detailed knowledge of the cost principles and perform any audit procedures needed to determine compliance with all significant costs being audited at the contractor.

Those CAS standards that relate to the FAR cost principles are noted in parenthesis (). If the contractor is CAS covered, the responses to these risk assessment questions should consider the results of your CAS compliance testing.

Ask the contractor to explain their policies and procedures for identifying and segregating unallowable costs and directly associated costs (31.201-6 Accounting for Unallowable Costs). Document this discussion.

Working Paper Reference			
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FAR Cost Principle	Response			Follow-Up W/P Reference
	Yes	No	Not- known	
<u>31.201-5 CREDITS</u>				
Does the company show miscellaneous income other than as a reduction to expenses, (e.g., rental income, xerox income, and vending machine income)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<u>31.203 INDIRECT COSTS</u>				
Did the company exclude unallowable costs from the allocation bases?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<u>31.205-1 PUBLIC RELATIONS AND ADVERTISING COSTS</u>				
Did the company advertise in newspapers, magazines, on radio, etc. for other than help wanted?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Is the company involved in trade shows, exhibit booths, etc. relative to the products and/or services the company offers?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<u>31.205-6 COMPENSATION FOR PERSONAL SERVICES</u>				

FAR Cost Principle	Response			Follow-Up W/P Reference
	Yes	No	Not- known	
Were any new DoD contracts awarded after 4/15/95 with 1995 or later funding? If so, were there any employees that had total compensation greater than the amount prescribed in DFARS 231.205-6(a)(2) or FAR 31.205-6(p) [see CAM 6-414.8]?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<u>31.205-8 CONTRIBUTIONS OR DONATIONS</u>				
Has the company claimed contributions or donations?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<u>31.205-10 COST OF MONEY</u> (CAS 414/417) (also see 31.205-52)				
Does the company propose and/or claim Facilities Capital Cost of Money?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<u>31.205-11 DEPRECIATION</u> (404/409) (also see 31.205-16 and 31.205-52)				
Does the company use different depreciation methods for income tax and financial accounting purposes?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Does the company use different depreciation methods for government and non-government work?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Does the company allow personal use of company vehicles (31.205-6(m)(2)) or other company assets? (31.201-4 ALLOCABILITY)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<u>31.205-13 EMPLOYEE MORALE, HEALTH, WELFARE, FOOD SERVICE, AND DORMITORY COSTS AND CREDITS</u>				
Do the company's policies and procedures fail to clearly distinguish employee morale and welfare costs from gifts, recreation and entertainment costs?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Does the company give awards and gifts for other than compensation or recognition of employee achievements pursuant to an established plan or policy?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Did the company claim any recreation costs?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Is a cafeteria maintained for employees? If yes, does it operate at a loss?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<u>31.205-14 ENTERTAINMENT COSTS</u>				
Do vouchers for luncheons and trips fail to list the purpose for which the expense was incurred?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Does the company provide memberships in social, dining, or country clubs to its employees for personal or business-related purposes?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

FAR Cost Principle	Response			Follow-Up W/P Reference
	Yes	No	Not- known	
Does the company have parties, recreational trips, shows, picnics, or other such recreational or entertainment events?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<u>31.205-15 FINES, PENALTIES, AND MISCHARGING COSTS</u>				
Has the company been fined or penalized (e.g., were any tax returns filed late)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<u>31.205-16 GAINS AND LOSSES ON DISPOSITION OR IMPAIRMENT OF DEPRECIABLE PROPERTY OR OTHER CAPITAL ASSETS</u> (also see 31.205-11)				
Were any assets written down as a result of impairments caused by events or changes in circumstances (e.g., environmental damage, idle facilities due to a declining business, etc.)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<u>31.205-20 INTEREST AND OTHER FINANCIAL COSTS</u>				
Has the company claimed interest expense or other financial costs?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<u>31.205-21 LABOR RELATIONS COSTS</u>				
Has the company been involved in any activities to assist, promote, or deter unionization?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<u>31.205-23 LOSSES ON OTHER CONTRACTS</u>				
Has the company incurred any significant losses on recent contracts regardless of the customer?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<u>31.205-24 MAINTENANCE AND REPAIR COSTS</u>				
Has the company incurred any significant maintenance and repair costs? If, so are any of the costs extraordinary and possibly subject to capitalization requirements of CAS 404 or GAAP?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<u>31.205-25 MANUFACTURING AND PRODUCTION ENGINEERING COSTS</u>				
Has the company incurred any significant manufacturing and production engineering costs? If, so are any of the costs covered by 31.205-18 IR&D or contractually required?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<u>31.205-27 ORGANIZATION COSTS</u>				
Has the company reorganized, established a new division, or merged with another company?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Does the company have plans for such activities in the future?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<u>31.205-33 PROFESSIONAL CONSULTING SERVICE COSTS</u>				

FAR Cost Principle	Response			Follow-Up W/P Reference
	Yes	No	Not- known	
Does the company fail to maintain supporting evidence of the nature and scope for professional and consulting services rendered?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Did the company incur retainer fees?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<u>31.205-35 RELOCATION COSTS</u>				
Does the company reimburse employees' closing costs or continuing costs of ownership over 14% of the sale price of the old house?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Does the company reimburse employees' costs incidental to acquiring a home in a new location over 5% of the purchased price of the new house?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Does the relocation policy allow for payment of income taxes?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Does the company allow more than 30 days of TDY for relocation?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Does the company's travel and relocation policy allow newly transferred employees to leave the company before 12 months and not have to reimburse the company for the relocation expenses?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<u>31.205-36 RENTAL COSTS</u>				
Has the company entered into any new leases or renegotiate any existing leases?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Did the company fail to use FASB No. 13 to determine if the lease was a capital lease?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Are there any rental payments for property leased from an owner, stockholder, or an affiliate of the contractor?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<u>31.205-40 SPECIAL TOOLING AND SPECIAL TEST EQUIPMENT</u>				
Does the company lack policies and procedures to differentiate between the costs of general-purpose test equipment and special tooling and special test equipment?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<u>31.205-41 TAXES</u>				
Have more taxes (state income taxes mainly) been accrued than paid?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<u>31.205-46 TRAVEL COSTS</u>				
Do total per diem rates paid exceed JTR/FAR limitations?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Were any rebates, credits, discounts given to the company by airlines, car rental firms, motels, etc. based on such things as volume?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

FAR Cost Principle	Response			Follow-Up W/P Reference
	Yes	No	Not- known	
<u>31.205-47 COST OF LEGAL AND OTHER PROCEEDINGS</u>				
Has the company incurred costs in connection with any litigation brought by the government?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Has the company incurred costs in connection with any proceeding brought by a third party on behalf of the government, i.e., qui tam suits?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Has the company incurred costs to defend against stockholder lawsuits?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Did the company require legal services for organizing, reorganizing, antitrust suits, claims against the Government or bad debts?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Did the company incur bid protest costs or costs of defending against protests?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<u>31.205-49 GOODWILL</u>				
Does the company have any costs for amortization, expensing, write-off, or write-down of goodwill?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Has the company included the cost of money resulting from including goodwill in the facilities capital employed base?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<u>31.205-51 COSTS OF ALCOHOLIC BEVERAGES</u>				
Does the company fail to identify and exclude the costs of alcoholic beverages from its claimed costs?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<u>31.205-52, ASSET VALUATIONS RESULTING FROM BUSINESS COMBINATIONS</u>				
Did the company have asset write-ups or write-downs following a business combination?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

